

DEPARTMENT OF THE TREASURY



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Internal Revenue Service

Resource Summary

	Budget Authority (in Millions)		
	FY 2009 Final	FY 2010 Enacted	FY 2011 Request
Drug Resources by Function			
Investigations	\$60.627	\$59.157	\$60.349
Total Drug Resources by Function	\$60.627	\$59.157	\$60.349
Drug Resources by Decision Unit			
Criminal Investigations	\$60.627	\$59.157	\$60.349
Total Drug Resources by Decision Unit	\$60.627	\$59.157	\$60.349

Drug Resources Personnel Summary			
Total FTEs (direct only)	329	329	329
Drug Resources as a Percent of Budget			
Total Agency Budget (in Billions)	\$11.5	\$12.1	\$12.6
Drug Resources Percentage	0.527%	0.489%	0.479%

Program Summary

Mission

The mission of the IRS Criminal Investigation (CI) Division in federal law enforcement's anti-drug efforts is to reduce or eliminate the financial gains (profits) of major narcotics trafficking and money laundering organizations through the use of unique financial investigative expertise and statutory jurisdiction. These efforts support the goals of the *National Drug Control Strategy* and the *National Money Laundering Strategy*.

CI supports the overall IRS mission by the investigation of criminal violations under its jurisdiction through three program areas: the Legal Income Source Program, the Illegal Income Source Program, and the

Narcotics Program. The Narcotics Program supports the National Drug Control Strategy and the National Money Laundering Strategy through continued support of multi-agency task forces including Organized Crime Drug Enforcement Task Force (OCDETF), OCDETF Fusion Center (OFC), High Intensity Drug Trafficking Area (HIDTA), and the High Risk Money Laundering and Financial Crimes Areas (HIFCA).

Budget

The total drug control request for the IRS for FY 2011 is \$60.4 million, a net increase of \$1.2 million over the FY 2010 enacted.

Criminal Investigations

Total FY 2011 Request: \$60.4 million

(Reflects \$1.2 million increase from FY 2010)

The criminal provisions of the Internal Revenue Code (Title 26), the Bank Secrecy Act (Title 31) and the Money Laundering Control Act are particularly useful in the financial investigation (and prosecution) of major narcotics traffickers and money launderers, and the seizure and forfeiture of their profits. CI plays an important role in reducing and disrupting the supply of illegal drugs as a participating member of the OCDETF Program. CI utilizes unique financial skills in the investigation of major drug trafficking and money laundering organizations. By primarily focusing on those sophisticated cases which meet OCDETF designation standards, CI makes a significant contribution to many important investigations, while maximizing the use of its resources. With the globalization of the U.S. economy and the increasing use of electronic funds transfers, investigations have become more international in scope. CI's international strategy places special agents in strategic foreign posts to facilitate the development and use of information

obtained in host nations in support of its investigations.

FY 2011 Total Changes (+\$1.2 million):

The resources of \$60.4 million reflects a price growth increase, allow the agency to continue as a member of the OCDETF program.

Performance

Introduction

This section on the FY 2009 performance of the drug control mission of IRS - Criminal Investigation (CI) division's portion of the OCDETF program - is based on agency GPRA documents, an OMB assessment, and other agency information.

The FY 2009 performance information for the IRS CI OCDETF program is shown below.

IRS Criminal Investigation		
Selected Measures of Performance	FY2009 Target	FY2009 Achieved
» Number of investigations completed for OCDETF cases	710	652
» Number of Convictions	460	462
» Conviction Rate	85%	85%

Discussion

The Internal Revenue Service's Criminal Investigation Division (CI) supports the President's National Drug Control Strategy by dedicating 11% to 13% of total Direct Investigative Time (DIT) to investigation of narcotics related crimes. CI's goal is to use

90% of this DIT through participation in the OCDETF Program. The number of OCDETF Investigations Completed are slightly lower at 652 from the target range of 710, reflecting an 11.6% drop in the OCDETF pipeline inventory from 873 in FY08 to 772 in FY09.

Significant accomplishments during FY 2009 include the successful investigation and indictment of a key defendant on a variety of drug, money laundering, and tax evasion charges. The defendant was convicted of being the leader of a Continuing Criminal Enterprise; conspiracy to possess with the intent to distribute marijuana; conspiracy to commit money laundering; and possession with the intent to distribute marijuana. The sentence includes 20 years in Federal Prison and a \$10 million judgment. These drug trafficking offenses were part of a 70-count superseding indictment related to his leadership of a 12-year conspiracy involving the distribution of over 30,000 kilograms of marijuana worth more than \$33 million.

Other successes included the sentencing of two Internet pharmacy owners to a five year sentence with an order to pay over \$11 million for illegal sales of 10 million worth of hydrocodone pills. The two defendants were illegally selling 9,936,075 pills or dosage units of hydrocodone over the Internet, conspiracy to launder money, engaging in monetary transactions using the proceeds of the illegal drug sales, and filing false tax returns. Additionally, each defendant was ordered to pay \$11,870,119 in restitution, which according to court documents, amounted to the gross proceeds derived from the illegal sale of the hydrocodone.

On April 27, 2009, in Columbia, S.C., fourteen defendants were sentenced to prison for their roles in an interstate drug smuggling and money laundering enterprise. The drug organization used several residences to store and sell narcotics, and used vehicles with hidden

compartments to transport drugs and money between Columbia and Atlanta. In addition to the prison sentences listed above, the defendants were ordered to forfeit \$650,000 in cash, cars, firearms, and other assets used in the conspiracy or purchased with drug money. Some of the defendants, who were in the United States illegally, will be deported following the service of their sentence. The investigation was a joint effort under the OCDETF.

In addition, IRS CI supports the Southwest Border Strategy through OCDETF by providing resources to investigate Mexican Drug Trafficking Organizations (DTOs). A significant number of investigations in the Southwest Region are linked to major Mexican DTOs. CI focuses on identifying and dismantling the financial systems that support the drug trade, and seizing the assets and profits of major criminal organizations. CI dedicates significantly higher resources to field offices along the Southwest border than to non-border field offices. Field offices located along the Southwest Border completed 271, or 41.7%, of the 650 OCDETF investigations completed in FY 2009. The Southwest Border field offices had 192 of the 462 convictions, with an average conviction rate of 78%.

